



Director of
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Intelligence



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The Outlook for Cyprus

National Intelligence Estimate

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THE OUTLOOK FOR CYPRUS

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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KEY JUDGMENTS

In the wake of the Turkish Cypriot declaration of independence, Cyprus now faces the likelihood of permanent partition. There is a good chance that a new initiative by the UN Secretary General this summer will fail to achieve a resumption of the intercommunal talks, leaving the two parties more firmly deadlocked than they now are and further increasing the level of tension. Thus, we believe the chances of a military confrontation on the island are greater now than at any time since the Turkish invasion of the island a decade ago. Despite the inherent instability of the situation, both sides appear willing to exploit their political options for the time being. However, the continued lack of flexibility in the positions of both sides makes military confrontation increasingly possible, although we believe the chances are better than even that fighting will not erupt within the six- to 12-month range of this Estimate. Conflict on the island also threatens to set off a wider war between Greece and Turkey that would have serious consequences for US and NATO interests in the area.

The current tensions have been building for at least 30 years. Since the island gained its independence from the United Kingdom in 1960 following a long and bloody struggle, the Greek Cypriot majority (78 percent of the population) and the Turkish Cypriot minority (18 percent of the population) have been at odds over their respective roles in the governing of the island. The issues dividing the Greek and Turkish Cypriots are numerous and complex, but ultimately they all revolve around the struggle between the Greek Cypriot desire for majority rule and the Turkish Cypriot concern for security. The Greek Cypriots believe any just settlement must take into account their position as the numerically larger community, and they argue that in a future federal state, the allocation of territory and the distribution of political power must reflect the population balance. The Turkish Cypriots insist that a fair settlement must protect them from what they view as a hostile majority. Thus, they argue for a physically secure, economically viable territory in which they exercise complete control over their own internal affairs.

This spring's UN Security Council debate and resolution appear to have only hardened the positions of both sides and rendered even more difficult the good-offices role of the Secretary General in seeking a resumption of the intercommunal dialogue. We believe that, even if

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talks resume, the present constellation of political forces and attitudes makes a political settlement unlikely, at least in the near term. In this regard, we believe that the Turkish Cypriot position would be even firmer than before the talks were aborted in May 1983. The Greek Cypriots have shown some give in recent months. But, frustrated by their inability to stem Turkish Cypriot moves to consolidate independence, they also may ultimately become much less flexible. Nevertheless, we believe that a resumption of talks would reduce frustrations on the Greek side, thus helping to keep the Cyprus problem in the political rather than the military arena.

Domestic political imperatives in the two Cypriot communities—stemming from their strategic and ethnic interests—will continue to complicate the search for a settlement. The Turkish Cypriots are strongly united on either achieving equal political status with the Greek Cypriots or, failing that, maintaining their independence. Thus, Turkish Cypriot leader Denktash is unlikely to make the kinds of compromises necessary to resume the dialogue. On the other hand, political rivalry among the Greek Cypriots is strong, and Cypriot President Kyprianou must contend with moderate and hardline critics who charge him with mismanaging the problem. We believe that he will come under increasing domestic pressure to demonstrate progress toward a settlement or, if the slide toward permanent partition continues, to adopt punitive measures against the north. Both protagonists on the island have exhibited personality traits—Kyprianou's cautiousness and Denktash's stubbornness—that make compromise difficult.

Ankara's leverage with the Turkish Cypriots makes Turkey a key factor in resuming the dialogue and in fashioning any settlement. In addition to ensuring the safety of the Turkish Cypriot community with a large contingent of Turkish forces, Ankara continues to provide Denktash's internationally unrecognized "state" with its only formal diplomatic representation. Moreover, the Turkish Cypriot "state" is almost totally dependent on Turkey politically, militarily, and economically, with Ankara subsidizing, for example, a substantial portion of its annual budget. In our judgment, however, the domestic and foreign policy equities on Cyprus are too high for Ankara to change course for any reason at this juncture.

An alternative view holds that, although it appears extensive, Ankara's leverage is insufficient to force a settlement on the Turkish Cypriots. No Turkish government could take the domestic political risk of appearing to abandon the Turkish Cypriots or key Turkish strategic interests on the island. Moreover, the Turks fully share fundamental Turkish Cypriot conditions for a settlement. Outside pressure—for example, linking military aid for Turkey to progress on Cyprus—to

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force concessions from the Turkish side will only harden Ankara's position. While the Turks have occasionally pressed the Turkish Cypriots to moderate their position on secondary or procedural issues, this has been done primarily for tactical reasons.¹

Athens's influence over the Greek Cypriots is less dominating. The Government of Cyprus, for example, is not dependent on Greece for economic support. Cyprus remains, however, a highly emotional issue in mainland Greek politics. Moreover, the Greeks play a significant role in Cypriot defense, and Greek Prime Minister Papandreou has made Cyprus a top priority while playing a more visible role on the issue than his immediate predecessors. The Greek Cypriots, for their part, coordinate policy with Athens but generally take the lead in formulating their position toward negotiations and in developing an international strategy.

An alternative view holds that the preceding discussion underestimates the continued lack of political will for a solution on the part of all parties—not only Turks and Turkish Cypriots, but Greeks and Greek Cypriots as well. Athens exercises a strong influence over Greek Cypriot policy, and Prime Minister Papandreou's generally hard-line approach on Cyprus is a significant, at times decisive, deterrent to the possibility of Greek Cypriot flexibility. In this respect, neither Ankara nor Athens is now prepared to prod its coethnic Cypriot community towards the compromises necessary to achieve a solution.²

Recurrent Greek threats to send a significant number of additional troops to the island seem designed primarily to goad the West into more active measures either to reverse the Turkish Cypriot declaration of independence or to halt efforts to consolidate it and to respond to domestic needs. We believe, however, that Athens—with Nicosia's approval—would be tempted to resort to such action should diplomatic efforts fail. The chances of a Greek military move of this nature would increase sharply, for example, if the Turks and Turkish Cypriots settle all or part of the resort town of Varosha or move to restrict or expel the UN force on Cyprus when its mandate expires in December of this year. Either development could prompt Athens to reinforce Greek forces on the island and/or step up military activity in the Aegean. The Greek Cypriots could also increase pressure on the Turkish side by the curtailment of water, electricity, and other services to northern Cyprus, but such action would probably provoke a strong Turkish response. In this atmosphere of growing confrontation, it would not take much to spark hostilities between Greece and Turkey.

¹ The holders of this view are the Director, Defense Intelligence Agency and the intelligence organizations of the Army, the Navy, the Air Force, and the Marine Corps.

² The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

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The Turks would almost certainly prevail in any military conflict that erupted on Cyprus and remained confined to the island. They have a clear-cut advantage in numbers, training, and equipment over the Cypriot National Guard (CNG). The island's proximity to Turkey would also give the Turks an advantage in reinforcing their units. The military disparity between the two sides on the island, however, has narrowed. The CNG has undertaken a vigorous arms modernization program that has left it better equipped and better trained to fight a defensive war than it was in 1974. But its ability to engage in offensive operations has not changed markedly. It still has no tanks and is dependent on Greece for air and naval support. Should Cyprus be the scene of an initial Greek-Turkish military clash, Athens could take compensatory action in the Aegean, where the balance of air and naval forces would marginally favor the Greeks. (See annex A for a discussion of conflict scenarios.)

An alternative view holds that the narrowing military disparity between the two sides on Cyprus has potentially more serious ramifications than those stated above: the CNG, in addition to improving its defensive capabilities, is enhancing its ability to carry out limited offensive operations. For example, as its frustration grows, the Greek side—emboldened by its improved military posture—might risk military ventures, such as trying to seize a small portion of Turkish Cypriot territory. The Greeks and Greek Cypriots might hope that such a move would provoke speedy Western diplomatic intervention to force Ankara into major concessions and head off a possible Turkish counterstrike. At the least, the CNG buildup will make the Greek side less likely to avoid an armed confrontation in a rapidly escalating crisis.³

Moscow, which exercises its interest mainly through the powerful Greek Cypriot Communist Party (AKEL), no doubt benefits from strained relations between two NATO allies and Washington, disruption of NATO command and control arrangements in the Aegean, preservation of Soviet access to the Mediterranean, and the denial of Cypriot facilities to additional Western forces. Nevertheless, the Soviets currently appear to prefer resumed negotiations leading to a settlement of the Cyprus problem and the reestablishment of an independent, non-aligned, unified Cyprus. The Soviets are worried that the island is drifting toward permanent partition between two NATO members and absorption of one or both of the island's constituent parts into the Alliance structure. Hence, Moscow currently advocates resumption of intercommunal negotiations. For these reasons, we do not believe the Soviets would welcome escalation to military conflict.

³ The holders of this view are the Director, Defense Intelligence Agency, and the intelligence organizations of the Army, the Navy, the Air Force, and the Marine Corps.

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The Cyprus dispute will continue to complicate US relations with both Greece and Turkey. Each side believes that the United States can use its influence to elicit concession or compromise from the other. Athens has been critical of the United States for not withholding security assistance from Turkey to force concessions. On the other hand, Turkey has made it clear that it believes the United States has put unacceptable pressure on it with this tool. Both Greeks and Turks, moreover, increasingly view US actions—or inaction—on Cyprus as reflections of more general US attitudes toward Athens and Ankara. A further escalation of tensions—particularly if it extended to military conflict—could lead both Greece and Turkey to reassess their ties to the United States and NATO.

Finally, we believe that a clash between Greece and Turkey could have more severe consequences for US and NATO interests than those in 1974 when, in the aftermath of the Turkish invasion of Cyprus, Greece withdrew from NATO's military wing, Turkey restricted access to US military [] facilities, and both countries demanded renegotiation of their respective base agreements with Washington. Even if conflict in the Aegean did not prompt either party to sever its NATO ties, it would postpone indefinitely any hope of resolving Greek-Turkish differences over the allocation of NATO command and control responsibilities in the area and the establishment of a NATO command at Larisa on the Greek mainland.

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DISCUSSION

1. The Turkish Cypriot declaration of independence in November and subsequent events have brought relations between the Greek and Turkish Cypriots to the lowest point since the Cyprus conflict of a decade ago. UN efforts to halt the slide have so far been futile. At this juncture, neither side appears any more willing to make the compromises necessary for a settlement than in previous years; indeed, we believe the political and psychological chasm separating the two communities has widened and the prospects of indefinite stalemate and eventual permanent partition have increased markedly, as has the possibility of military confrontation.

Background

2. Cyprus has been an area of tension for 30 years. The United Kingdom granted the island its independence in 1960, after a long and bloody struggle, as a compromise between Greek Cypriot desires for union with Greece and Turkish Cypriot advocacy of partition. During the 1960s, the Greek Cypriots (78 percent of the population) attempted to push the new republic in the direction of majority rule while the Turkish Cypriots (18 percent of the population) pulled in the direction of communal autonomy. Hostilities between the two twice erupted into open conflict, and twice a war between Greece and Turkey—which shared a sentimental and strategic interest in the fate of their respective Cypriot compatriots—was narrowly averted by the last-minute intervention of the United States.

3. In 1974, however, Greek Cypriot rightists, backed by the military junta then ruling Greece and operating through the Greek-officered National Guard, mounted a short-lived coup against the Cypriot Government, sparking a Turkish invasion of the island. The invasion left the Turkish Cypriot minority in control of some 37 percent of the island and led to the physical separation of the Greek and Turkish Cypriots. Talks aimed at reunifying Cyprus and settling contentious issues—such as the distribution of territory and the nature and power of a future federal govern-

ment—have been held intermittently since then, most often under UN auspices.

4. The Turkish Cypriot declaration of independence last November has had significant psychological and political impact on all the parties concerned and will make movement toward a settlement more difficult. For the Turkish Cypriots, the declaration is the culmination of years of intensive lobbying in Ankara and is a prize they will not easily relinquish. For the Greek Cypriots, who have always accused Ankara of wanting the permanent partition of Cyprus, the action confirms their worst suspicions about Turkish and Turkish Cypriot intentions.

5. The Turkish Cypriot action is a direct challenge to the Greek Cypriots' major tactical advantage—their status as the only internationally recognized government of Cyprus. The Turkish Cypriots are in a very strong bargaining position, because since 1974 they have been backed by a superior military force and have occupied the portion of the island where many Greek Cypriots used to live—including the fertile citrus-growing area around Morphou, the once prosperous resort towns of Famagusta and Kyrenia, and the agriculturally important Mesaoria plain. (See appended foldout map.) The only tangible enticement the Greek Cypriots can offer the other side is formal recognition—with all the political and economic benefits that flow from it. Thus, the Greek Cypriots worry that, if the new Turkish Cypriot "state" gains wide recognition, the Turkish side will have little motivation for continuing serious negotiations.

6. Despite US requests for restraint, the Turkish Cypriots have moved ahead with programs designed to consolidate their new status on Cyprus: a new flag has been chosen, selection of a national anthem is under way, plans to establish a central bank have been announced, and national elections and a referendum on a national constitution have been deferred until early next year. Meanwhile, Turkey has continued its vigorous efforts on behalf of the fledgling state. Ankara, for example, has exchanged ambassadors with the new state and has mounted an intensive diplomatic

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The Search for a Settlement: A Chronology

1958-60

Zurich and London Agreements establish the Republic of Cyprus as an independent state following negotiations among Britain, Greece, and Turkey. Agreements consist of four parts: the Constitution, the Treaty of Guarantee (charging signatories with maintaining "status quo"), the Treaty of Alliance (allowing Greece and Turkey to garrison 950 and 650 troops, respectively, on the island), and the Declaration of the Government of the United Kingdom (granting the British two Sovereign Base Areas).

1964

UN Security Council approves formation of UN Peacekeeping Force on Cyprus (UNFICYP) after outbreak of communal violence. These forces remain on the island to the present time.

1964

The United States presents the Acheson Plan (following President Johnson's warning that NATO would not necessarily defend Turkey against a Soviet attack should Turkey invade Cyprus). Plan proposes island's unification with Greece, but allows the Turkish Cypriots two autonomous cantons and gives Turkey a sovereign base area on the island. Rejected by both sides.

1964-65

UN appoints special mediator to look at Cyprus problem. Results in the Galo Plaza Report which recommends unitary state (favored by Greek Cypriots) rather than federation (favored by Turkish Cypriots); calls for Greek Cypriot renunciation of *enosis* (union) with Greece; and suggests UN act as guarantor of a final settlement.

1968-74

UN initiates intercommunal talks between two Cypriot communities after second outbreak of violence (war between Greece and Turkey is again forestalled by US intervention). Two sides reportedly approach compromise which would restrict veto power of Turkish Cypriots and reduce their proportion in government in exchange for substantial communal autonomy.

1974

Greek military junta stages short-lived coup against then Cypriot President Makarios. Turkey invades Cyprus in July and August. Secures 37 percent of north for

Turkish Cypriots. Turkish Cypriots move north; Greek Cypriots flee south.

1975-76

UN-sponsored Vienna talks (stage I) between Turkish Cypriot leader Denktash and Greek Cypriot representative Clerides begin. Talks center primarily on humanitarian issues (missing persons, protection of enclaved population, and so forth.)

1977

Makarios-Denktash summit is held in January and February under UN auspices. Results in four guidelines: (1) Cyprus will be independent, nonaligned, and bicommunal; (2) territorial discussions will consider economic viability and land ownership; (3) freedom of movement, settlement, and ownership are open to negotiation and will take into account the bicommunal nature of the future federation; (4) the powers of the central government will be such as to safeguard the unity of Cyprus.

1977

UN-sponsored Vienna talks (stage II) resume with UN Secretary General presiding. Greek Cypriots advance proposals on possible distribution of territory; Turkish side presents constitutional proposals. Publicity surrounding talks and inflexibility of both sides result in failure.

1978

The United States, the United Kingdom, and Canada cosponsor the Western Plan (also known as the American Plan or the Nimetz Plan). The 12-point proposal essentially acknowledges Greek Cypriot concerns about territory and freedom of movement and Turkish Cypriot concerns about the structure and function of the government.

1979

Kyprianou-Denktash summit leads to agreement on a 10-point framework for negotiations. Framework suggests variety of issues to be taken up in future talks, including initial confidence-building measures, territorial questions, and the constitution. It gives priority, however, to discussion of Greek Cypriot resettlement of Varosha under UN auspices. Talks ultimately resume but quickly break down.

1980/81-1983

UN succeeds in reviving intercommunal talks and in fall of 1981 presents a guide

for negotiations known as the Waldheim evaluation (or the Gobbi Plan). It seeks agreement on the less contentious issues in hopes of securing step-by-step progress toward overall settlement. Negotiations bog down in details and basic disagreements disguised as semantic differences. Greek Cypriots received favorable resolution at UN General Assembly (May), provoking Turkish Cypriots to break off talks.

1983

UN Secretary General Perez de Cuellar offers a new initiative in August. Directly confronts controversial issues—distribution of territory and structure and function of the federal government—in effort to move toward a global settlement. Formally rejected by Turks and Turkish Cypriots; Secretary General's approach reluctantly accepted by Greek Cypriots.

1983

Turkish Cypriots unilaterally declare independence in November. Ankara immediately recognizes the new entity. UN Security Council passes resolution 541 condemning Turkish Cypriot move.

1983

In December, Security Council passes Resolution 544, renewing mandate for UN peacekeeping force in Cyprus. Ankara for the first time disclaims the resolution but says it will nonetheless permit the troops to remain.

1984

UN Secretary General Perez de Cuellar draws on Kyprianou and Denktash proposals to put together five-point negotiating package. Turkish Cypriot response on 17 April amounts to tacit rejection. Greek Cypriots were not asked for formal response.

1984

Security Council on 11 May passes Resolution 550 calling on Turkish Cypriots to halt consolidation of independence and urging them not to settle Varosha or challenge UN force renewal when it comes before Security Council in mid-June.

1984

UN Security Council on 15 June passes Resolution 553 on UNFICYP renewal. Ankara disclaims the resolution but says nonetheless it will permit the UN troops to remain.

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campaign to encourage other states—particularly within the Muslim world—to recognize the “Turkish Republic of Northern Cyprus” (TRNC). So far, the United States has been instrumental in discouraging other countries from recognizing the TRNC, but short of sustained US pressure, we think it possible that some countries—including, for example, Pakistan, Bangladesh, Malaysia, and Indonesia—could yield in time to Turkish requests. Arab countries might be more reluctant to respond favorably for fear of jeopardizing their friendly ties with the Greeks and Greek Cypriots or their solidarity with the Nonaligned Movement. Some countries sympathetic to the Turkish Cypriots have so far been dissuaded from recognition by the possibility that it could encourage “ethnic separatist” movements in their own countries.

The Issues

7. The issues dividing the two sides are numerous and complex, but ultimately they involve the struggle between the Greek Cypriots’ desire for majority rule and the Turkish Cypriots’ concern for their physical security. The Greek Cypriots believe any just settlement must take into account their position as the numerically larger community. In other words, they argue that in a future federal state, the allocation of territory and the distribution of political power must reflect the population balance. For their part, the Turkish Cypriots insist that a fair settlement must protect them from what they view as a hostile majority. Thus, they argue for a physically secure, economically viable territory in which they exercise complete control over their own internal affairs.

8. Although the two sides generally have taken hardline approaches to negotiations—not wishing to use up their bargaining chips before all the cards are on the table—since 1974 there have been signs of significant accommodations. The Greek Cypriots, for example, have accepted that Cyprus will be a federation based on two territorially distinct and for the most part ethnically homogeneous regions—one primarily Greek Cypriot, the other Turkish Cypriot. Both sides seem tacitly to agree that a settlement must involve certain trade-offs—for example, Turkish Cypriot compromises on territory in exchange for Greek Cypriot compromises on federal powers.

9. *Territory.* The Greek Cypriots argue that the territory allotted to each community should be roughly proportional to its population. After initially proposing that the Turkish Cypriot-administered area should

not exceed 20 percent, the Greek Cypriot’s January proposal (given privately to the United States and the United Nations) offered 25 percent. The Turkish Cypriots insist on retaining control of enough territory to meet their concerns about the security and the economic viability of the north, and their formal proposals to date have provided for conceding only about 3 percent of the 37 percent of Cyprus currently under their control. If there is to be progress toward a settlement, we believe that both the Greek and Turkish Cypriots will have to be induced to consider a figure around 30 percent.

10. Equally important to both sides are the quality and location of the land to be returned to their control in a final settlement. For political and economic, as well as humanitarian, reasons, the Greek Cypriots consider the recovery of areas where they once lived—for example, the formerly prosperous resort town of Varosha and the citrus growing area of Morphou—indispensable for the resettlement of refugees earlier forced from their homes. The Turkish Cypriots have hinted at a willingness to return at least parts of Varosha to the Greek Cypriots, but they have stated publicly on several occasions that they intend to keep Morphou.

11. *Constitutional Issues.* Although both sides heretofore have agreed that a federation—allowing for two territorially distinct regions—is best suited to current realities on Cyprus, the Greek Cypriots prefer a strong central government while the Turkish Cypriots favor a weak central government and substantial regional autonomy. In addition, the Greek Cypriots want an executive system that provides a Greek Cypriot president and a Turkish Cypriot vice president, as was the case under the 1960 Cypriot Constitution. They also want a mechanism built into the system to prevent the kind of deadlock by veto between the president and vice president that paralyzed the government in the early 1960s. In exchange, they would be willing to agree to a greater degree of regional autonomy. The Turkish Cypriots would prefer a system with a rotating presidency, a presidential council made up of members from both communities, or some combination of the two. Whatever the system, they insist on enough checks and balances to enable them to veto government legislation or policies they do not like.

12. Although the Greek Cypriots prefer a unicameral legislature, they would accept the bicameral system preferred by the Turkish Cypriots, again as

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long as deadlock is not built into the system. Seats in the upper chamber would be distributed equally between the two communities, while seats in the lower chamber would be determined on the basis either of the current population ratio (the Greek Cypriot preference) or a predetermined ratio (the Turkish Cypriot preference).

13. *Freedom of Movement, Settlement, and Ownership.* The Greek Cypriots want the right to move between north and south and to settle and own property in any area of the country. They argue that accepting restrictions on movement would be tantamount to accepting permanent partition. The Turkish Cypriots fear—given the numerical and economic superiority of the Greek Cypriots—that an unhampered flow of people from one region to the other would lead to violence and over time to Turkish Cypriot displacement by the Greek Cypriots.

14. *Troop Withdrawals.* The Greek Cypriots contend that meaningful negotiations are difficult as long as Turkish forces remain in the north. Nicosia and Athens have offered to withdraw the small contingent of Greek troops in the south if Ankara would agree to remove its much larger force in the north. They also have offered to pay for any additional UN personnel that might be needed to police the island once Greek and Turkish forces were withdrawn and the Republic demilitarized. The Turks and the Turkish Cypriots insist that Turkish troops are necessary to ensure the physical security of the Turkish Cypriot community and have said that mainland forces will withdraw only in the context of a final settlement. They have never indicated, however, how many Turkish troops would remain under the terms of a settlement.

15. *Economic Factors.* The Turkish Cypriots have called upon the Greeks to end their economic embargo against the north and undertake cooperative ventures, such as the reopening of Nicosia airport, as a show of good faith. For the Greek Cypriots, who enjoy a standard of living roughly equivalent to southern European countries, along with lower unemployment and inflation rates, the embargo remains one of the more effective weapons against the Turkish Cypriots. We do not believe, however, that the poor state of the economy in the north will compel the Turkish Cypriots or Ankara to change their positions on the need for autonomy and security.

16. *Guarantees and Guarantors of a Settlement.* The Greek Cypriots prefer that an international body, such as the United Nations, act as the guarantor of a

Cyprus settlement, although they have on occasion stated they would accept as guarantors a specially formed international committee that included members of the Nonaligned Movement. The Turkish Cypriots refuse to consider any guarantor arrangement that does not include Turkey—the only country, in their view, willing to risk confrontation and international censure to protect Turkish Cypriot safety and interests.

17. *Procedures.* Complicating the search for a compromise on substantive issues are some very basic differences over procedure—that is, how best to approach negotiations aimed at securing a comprehensive settlement. Traditionally, the Turks and Turkish Cypriots have supported negotiations designed to focus initially on the less controversial issues, thus presumably leading to step-by-step progress toward an overall settlement. They prefer that negotiations be limited to the two communities. Turkish Cypriot leader Denktash, confident in his negotiating ability, favors direct summit talks with Cypriot President Kyprianou, which Denktash believes would lend credibility to his position that the two communities are coequal. The Turkish side also prefers that interested third parties confine themselves to peripheral or good-offices roles. Thus, the Turks and Turkish Cypriots would like to continue negotiations under the terms of the UN “evaluation” made in 1981 under then Secretary General Waldheim. In fact, we think their dissatisfaction with the ideas presented by Secretary General Perez de Cuellar in August 1983—and hence their concern over what they viewed as Greek Cypriot successes in changing the basis of negotiations—was responsible, to some degree, for their decision to go ahead with the declaration of independence.

18. The Greeks and Greek Cypriots favor a global approach to negotiations that would involve discussion and agreement on all the major issues before final acceptance of any one part of a settlement. They would prefer that UN mediation or shuttle diplomacy replace or supplement intercommunal talks. In addition, they insist that only the active behind-the-scenes involvement of the United States—and to a lesser extent the United Kingdom and/or the European Community—can lead to real progress. The Greek Cypriots thought the Waldheim approach favored the Turkish side and complained about the slowness of the process. They preferred the Perez de Cuellar initiative because it directly confronted the most controversial issues and provided a framework for their discussion.

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It also involved a more active role by the UN Secretary General.

The Current State of Play

19. Despite the setback dealt to Perez de Cuellar's negotiating effort by the Turkish Cypriot declaration of independence, the Secretary General has continued since November to play the leading role in efforts to bring the two sides together. Hopes for renewed progress faded, however, with the collapse in May of an initiative drawn from proposals advanced independently by Denktash and Kyprianou earlier this year. At that time, Denktash publicly announced a series of steps presumably designed to restart negotiations—including a heavily conditioned offer to hand over parts of the former resort area of Varosha to interim UN administration for eventual Greek Cypriot resettlement. Kyprianou, for his part, gave the Secretary General a document outlining Greek Cypriot positions and suggesting some points on which they might be willing to compromise, including the quantity of territory they want back from the Turks. Perez de Cuellar used the two sets of proposals to devise his own plan:

- He elaborated on the Turks' offer on Varosha and requested that, in addition, they refrain from adding to their military forces and halt efforts to consolidate independence.
- He asked the Greek Cypriots to halt their arms purchases, to stop taking their case before international forums, and to agree to a summit meeting with the Turkish Cypriots.

20. Although the initiative was formally presented only to the Turkish Cypriots, neither side was pleased with it. A variety of Turkish Cypriot actions—unveiling a new flag, announcing that a referendum would be held in August on a new constitution, scheduling general elections for November, and exchanging ambassadors with Ankara—had soured the atmosphere by the time of Denktash's response in late April. That response consisted of a series of tough counterproposals that had no chance of acceptance by the Greek Cypriots. Denktash included a diluted offer on Varosha and said he would reverse independence only if the Greek Cypriots relinquished their claim as the sole government—the step the Greek Cypriots would be least likely to take before achieving an overall settlement. The Greek Cypriots, armed with the Turkish response, took their case to the UN Security Council,

which approved a resolution highly critical of Turkish behavior.

21. Despite this development, the Turkish Cypriots in June presented to the UN Secretary General a new set of ideas for negotiations. They do not differ much from past proposals, and we believe the Turks undertook the initiative mainly to appease Western critics. The Turkish Cypriots and Ankara are convinced that Kyprianou and Greek Prime Minister Papandreou have no intention of meeting Turkish demands. They are now determined to develop further a new political system in the north and seek international recognition for it. The Turks seem content to leave their current offer on the table, convinced that if the Greek Cypriots do not negotiate, recognition will come eventually. Thus, they are apparently ready to opt for permanent partition if a new federation cannot be achieved on their terms. In our judgment, any economic, diplomatic, or military measures by the Greeks to counter the Turkish Cypriot "republic" could lead to further Turkish entrenchment, and possible counteraction.

22. While the Turkish Cypriots are determined to follow through with independence in the absence of a federal solution on their terms, the Greek Cypriots appear at a loss as to how to counter the new Turkish entity. They realize that Turkey has the upper hand militarily on Cyprus and that the island's proximity to Turkey, along with other factors, makes it highly unlikely that Greece can reverse the situation through the use of force. Public comments by Kyprianou and Papandreou about sending major reinforcements to the island, and particularly Papandreou's increasing criticism of the United States, other Western powers, and the UN, are designed primarily to mask Greek weaknesses and goad the West into playing a more activist role in settling the Cyprus dispute.

23. Although neither side appears to want the Cyprus problem to disintegrate into a military confrontation, continued Turkish Cypriot nation building and the likely negative Greek reaction almost certainly will result in new points of friction and even greater tensions on the island:

- We believe that the Turkish Cypriots ultimately will occupy at least a segment of the former Greek Cypriot city of Varosha. Denktash's public and private comments indicate that the settlement would be accomplished gradually. This would be a highly provocative move, because the Greek Cypriots have always considered the re-

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covery of all of Varosha a key element of any settlement.

- In addition, the Turks are likely to seek UN acceptance of Turkish Cypriot sovereignty in the north as a prerequisite for another renewal of the mandate for the UN peacekeeping force, whose 2,350-man contingent from eight nations is charged with patrolling the buffer zone extending the length of the island, providing liaison between the two communities, and undertaking a variety of humanitarian services. If the Turks are not successful, Denktash could restrict UN patrols in the north, force the UN to resupply or rotate its forces through Ercan airport, or possibly expel the few hundred UN troops in the north.
- Although the Turkish Cypriots have said that they will delay a referendum on a draft constitution and general election originally scheduled for August and November, respectively, they remain committed to nation building in the north and have given no assurance of how long these delays will last. An exchange of ambassadors between Turkey and the Turkish Cypriots in April helped scuttle the previous UN initiative, and any further consolidation of the Turkish Cypriot entity would almost certainly prove to be a setback for the Secretary General's good-offices role.
- Finally, the Greek Cypriot buildup of military equipment and recently reported Turkish troop reinforcements could jeopardize UN and other efforts to resume the intercommunal dialogue.

24. In any case, we think the Greeks would be compelled to take retaliatory steps in the face of further consolidations of the TRNC. Athens and Nicosia have been talking about military contingency plans for the island, including the possible deployment of 15,000 additional Greek troops. Other options could include deploying the command structure for a future buildup and pre-positioning some additional troops, tanks and armored personnel carriers (APCs) in the Aegean for rapid deployment to Cyprus—a process that may already have begun. Although both Papan-dreou and Kyprianou are clearly reluctant to enhance Greek security forces on Cyprus significantly under present circumstances, we believe that, if the Turks were to take the measures cited above and/or it became apparent that a diplomatic/political avenue to a settlement were closed completely, both Athens and Nicosia would consider it a political necessity to reinforce Greek forces on the island. Turkey, in our

view, would almost certainly match any such moves in order to maintain its military advantage.

25. The Greek Cypriots could also bring pressure to bear on the Turkish Cypriots by curtailing electricity and some water supplies to the north—a vulnerability the Turkish Cypriots are zealously trying to eliminate. Such sanctions could, at a minimum, compel the Turkish Cypriots to cut off water to Greek Cypriot Nicosia and perhaps to apply pressure on the nearly 1,000 Greek Cypriots living in the north. It might even prompt the Turks to mount a limited military action against water and electricity sites in the south. For this reason, we believe a water/electricity cutoff by the Greek Cypriots unlikely. Greece and Cyprus, however, could seek EC sanctions on Turkey and the Turkish Cypriots and tighten up the economic embargo, so that exports of Turkish Cypriot agricultural goods no longer found markets in Europe or elsewhere.

The Military Balance

26. Should hostilities erupt on Cyprus, the military balance would clearly favor the Turkish side. While we know that the Turks have reduced their troop strength on Cyprus significantly since 1974, conflicting and sketchy data make it difficult to gauge troop numbers precisely. Our best current estimate is that they have roughly 22,000 to 23,000 men, including probable recent reinforcements of approximately 4,000. In addition, the Turkish Army—despite the age and poor condition of its equipment—has the island's only tank force, has air support only half an hour away, and has more manpower available for reinforcement. It has also increased the number of its artillery pieces, enlarged its ammunition stocks, and improved its resupply capabilities.

Although there is a 4,500-man Turkish Cypriot Security Force, it plays a relatively minor role in daily military activities on the island. The Turkish Cypriot force is poorly equipped and not able to engage in meaningful offensive or defensive operations without the support of the Turkish Army.

27. A military victory on Cyprus today, however, would be more costly to the Turks than previously, even though the Turkish force remains qualitatively and quantitatively superior. There are approximately 4,000 Greek mainland troops on the island, including a 1,900-man army regiment and some 300 commandos. An additional 1,800 Greeks provide the major part of the command structure of the Greek Cypriot National Guard (CNG). Including the latter Greek contingent, the CNG numbers 13,500 regulars with roughly 43,000

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edly, however. It still has no tanks and is completely dependent on Greece for air and naval support.

28. An alternative view holds that the narrowing military disparity between the two sides on Cyprus has potentially more serious ramifications than those stated above: the CNG, in addition to improving its defensive capabilities, is enhancing its ability to carry out limited offensive operations. For example, as its frustration grows, the Greek side—emboldened by its improved military posture—might risk military ventures, such as trying to seize a small portion of Turkish Cypriot territory. The Greeks and Greek Cypriots might hope that such a move would provoke speedy Western diplomatic intervention to force Ankara into major concessions and head off a possible Turkish counterstrike. At the least, the CNG buildup will make the Greek side less likely to avoid an armed confrontation in a rapidly escalating crisis.⁴

29. Possible Turkish moves, such as the settlement of Varosha, or continued Greek frustrations over the lack of diplomatic progress could spur three prospective developments on the Greek side that would fuel the cycle of military reaction and counterreaction:

— **Accelerated Greek Cypriot Arms Purchases.**

Armor, air defense, and antitank weapons are now priority items in the Greek Cypriots' modernization program. They recently signed a contract with France, for example, for at least 80 APCs.

The CNG has also expressed an interest in purchasing tanks but there is no indication so far that the Greek Cypriots have signed a contract. In any event, we doubt that they can afford to buy all the arms they desire in the near term. For their part, the Turks have already expressed their concern about the large numbers and variety of arms arriving in the southern part of the island and, in our view, the delivery of certain equipment—particularly tanks or a modern SAM system—would lead Ankara to reinforce its own troops, perhaps building back up to two full divisions to maintain the military advantage.

⁴ The holders of this view are the Director, Defense Intelligence Agency, and the intelligence organizations of the Army, the Navy, the Air Force, and the Marine Corps.

— **Greek Reinforcement of Cyprus.** Should Greece send a mainland division of 15,000 troops to Cyprus—possibly reinforced with a sizable number of tanks—as is under consideration by Nicosia and Athens, it would alter the military balance significantly. It is not yet clear whether Papandreou truly wants to commit substantial mainland forces to a defense of Cyprus or whether Kyprianou is prepared to risk provoking a Turkish reaction. The Greek side realizes the Turks would probably send enough reinforcements to retain a clear edge. Moreover, given the threat the Greeks perceive from Turkey, we believe they would hesitate to diminish the Army's mainland strength by 10 percent. It would take some time to marshal this force and prepare it to move, thereby giving the Turks warning and allowing them ample time to react.

— **Other Options.** Such problems could lead the Greeks to choose other options if they felt compelled to react militarily. They might, for example, send only a token force to Cyprus as a sign of their military support. They could couple this with some increased activity in the Aegean—further fortification of their islands and more extensive reconnaissance patrolling, for example—or in Thrace, where their options are less limited, and their air and naval capabilities are not constrained by distance as they are on Cyprus.

— Should conflict on Cyprus spread into the Aegean, the Turks would not have the same clear advantages they have on the island. In the Aegean, for example, we would give the Greeks a slight edge in aerial combat and would anticipate that they could at least hold their own in naval engagements. In the border area of Thrace the fighting would probably end in stalemate. But, whatever form the fighting outside Cyprus took, a war involving more than small-scale skirmishes would be very costly for both sides and, given the low stocks of ammunition and fuel on both sides, would probably be of short duration. (For a more extensive discussion of Greek and Turkish combat capabilities and scenarios in the Aegean and on Cyprus, see annex A.)

The Perspective From Nicosia

30. Aside from disputes over issues and procedures, the personalities and political ambitions of both Kyprianou and Denktash—as well as the domestic socio-

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political environment in which they operate—will strongly affect the prospects for a settlement. Both

But his easy reelection last year—although in uneasy alliance with the Communist Party (AKEL)—in the first real presidential contest since the death of President Makarios, has increased his political confidence. Moreover, we believe he may now be prepared to take some of the political risks involved in serious negotiations, although he is unlikely to have altered his opposition to some key Turkish demands.

31. Of the two we believe that Denktash currently has less incentive to negotiate. Denktash has long believed that “statehood” for northern Cyprus is the only way to establish the equality of his community with the Greek Cypriot majority. Denktash is virtually obsessed by the notion that the Greek Cypriots not only intend to dominate the Turkish Cypriots but also still hope for their elimination from the island and for *enosis* (union) with Greece.

34. An alternative view holds that hard-line Greek Cypriot positions have made renewal of direct inter-communal negotiations virtually impossible since the Turkish Cypriot declaration of independence. Neither side, at this point, appears ready to make the compromises necessary to produce serious negotiations or achieve real progress toward solving the Cyprus problem were those negotiations to resume.⁵

35. Kyprianou has come under attack from his political opponents both for failing to take full advantage of potentially attractive negotiating proposals (the 1978 Western plan and, to some extent, the 1983 Perez de Cuellar initiative) and for accepting proposals that appear in hindsight unfavorable to the Greek side (the 1981 Waldheim plan). The conservatives and the Communists, who together account for about two-thirds of the electorate, have traditionally advocated compromise. Although the two groups are at loggerheads on most issues, they both have frequently criticized the President for being inflexible and for failing to make concessions until it is too late. The Cypriot Socialists and the church, in contrast, generally have lobbied Kyprianou to maintain a tough posture toward the Turks. We believe that, with strong public fears that prolonged stalemate carries with it the prospect of partition, war, or union with Turkey, Kyprianou will come under increasing domestic pressure to demonstrate some progress toward a settlement, or at least some reversal of the slide toward partition. While this in turn could increase his receptivity to new bargaining proposals, the absence of such proposals could prompt him to consider, in collaboration with the Greeks, taking punitive actions against the Turkish Cypriots.

32. Denktash is the most popular political leader in the north. He draws strong domestic support primarily from conservative interest groups and small rightwing parties—including those catering to the 30,000 or so Anatolian settlers who migrated to Cyprus after the 1974 invasion. These groups favor close ties to Turkey and exhibit a strong distrust of the Greek Cypriots. Like Denktash, they tend to be satisfied with the status quo and to look at any compromise as a net loss for the Turkish side. On occasion Denktash has been attacked by the center and the left for his intransigence. Since independence, however, he has stacked the new “Constituent Assembly” in his favor, hindering the influence of the leftist and Communist opposition. In addition, we believe the Turkish Cypriot government will pass new laws similar to those in Turkey—especially labor and election laws—that will bring public administration in the north into line with that of mainland Turkey, making for a more tightly controlled system and giving Denktash—and Ankara—greater control over the opposition. As a result, in the short term we expect the political opposition—which had been the only moderating voice on the Cyprus issue—to play no more than a marginal role in shaping the Turkish Cypriot position on negotiations.

33. Kyprianou, like Denktash, has often acted more as an impediment to progress than a facilitating factor.

The View From Ankara and Athens

36. *Ankara's Role.* Although both Greece and Turkey have strategic and ethnic interests in Cyprus, Ankara's pervasive influence over the Turkish Cypriots makes it a key factor in fashioning any settlement of the disputes that divide the island. An alternative

⁵ The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

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view holds that, although it appears extensive, Ankara's leverage is insufficient to force a settlement on the Turkish Cypriots. No Turkish government could take the domestic political risk of appearing to abandon the Turkish Cypriots or key Turkish strategic interests on the island. Moreover, the Turks fully share fundamental Turkish Cypriot conditions for a settlement. Outside pressure—for example, linking military aid for Turkey to progress on Cyprus—to force concessions from the Turkish side will only harden Ankara's position. While the Turks have occasionally pressed the Turkish Cypriots to moderate their position on secondary or procedural issues, this has been done primarily for tactical reasons.⁶

37. The weight of evidence and analysis suggests that Ankara gave the go-ahead for the Turkish Cypriot declaration of independence.

Ankara anticipated an initial negative reaction from the United States and other countries but may have calculated it would abate eventually. The military government, which had not encouraged Denktash in the past, may have deemed it advisable that he declare independence before a new civilian government took office in Ankara.

38. An alternative view is that the above discussion omits the role of Denktash, who initiated the independence idea to which Turkish leaders ultimately acquiesced. Ankara, while supportive of the principle of Turkish Cypriot self-determination, had long opposed a declaration of independence, mainly because of potential damage to its international standing and, especially, to Turkish-US ties. Denktash, however, adroitly maneuvered Turkey into accepting his position by gaining overwhelming backing for independence from his constituents, publicly identifying his leadership with the independence issue, and making it a potentially explosive issue during the Turkish national elections. In this view, Ankara, largely to support Denktash's leadership, eventually yielded to Denktash's initiative, and then determined its timing.⁷

39. The economic and military viability of the "Turkish Republic of Northern Cyprus" is now almost totally dependent on Turkey. In addition to ensuring

⁶ The holders of this view are the Director, Defense Intelligence Agency, and the intelligence organizations of the Army, the Navy, the Air Force, and the Marine Corps.

⁷ The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

the safety of the Turkish Cypriot community with a large contingent of Turkish forces, Ankara continues to provide Denktash's internationally unrecognized state with its only formal diplomatic representation in international forums and world capitals. Moreover, Ankara, which has provided most of the funds to the north since 1974, now supplies one-half to two-thirds of the revenues for the Turkish Cypriot budget.

40. We think Ankara is prepared to continue bearing the economic burden of supporting the TRNC, which on the whole does not appear onerous. In our judgment, the domestic and foreign policy equities on Cyprus are too high for Ankara to change course and withhold funds for any reason at this juncture. Without Turkish support, the TRNC bureaucracy would collapse, and the economy, perennially a poor performer in comparison with the Greek Cypriot sector, would undergo a severe crisis. Even in these unlikely circumstances, the TRNC would continue to function in some fashion as long as Turkey continued its military and diplomatic support. To ensure the political legitimacy and financial integrity of the TRNC, both Ankara and Denktash are continuing their attempts to secure diplomatic recognition from Arab states, in particular, in the hope of obtaining much-needed economic assistance.

41. At some point in the future, Ankara could become even more involved in the internal affairs of northern Cyprus. Ankara might be encouraged to move in that direction, for example, by an embargo of the TRNC by EC countries, which purchase 67 percent of the Turkish Cypriot community's exports and provide about 42 percent of imports. The continued growth of Turkish Cypriot leftist political parties, which have been reluctant to break off contacts with the Greeks and press ahead with independence, might also cause such a reaction by Ankara. Although we think it very unlikely, particularly within the time frame of this Estimate, we would not rule out eventual annexation of the north by Turkey, which in turn might lead to the absorption of Greek Cyprus by Greece.

42. **Athens's Role.** The Greek Cypriots coordinate policy with Athens but generally take the lead in formulating their position toward negotiations and in developing an international strategy. Athens's influence over the Greek Cypriots tends to be less obtrusive, and often less effective, than that of Ankara over the Turkish Cypriots. Unlike the Turkish Cypriots, the Greek Cypriots are not directly dependent on Athens for material assistance. Greek economic aid to Cyprus has never been more than token. However, Athens plays a significant role in Greek Cypriot defense.

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43. An alternative view holds that Athens exercises a strong influence over Greek Cypriot policy, and that Prime Minister Papandreou's generally tough approach on the Cyprus issue is a significant, at times decisive, deterrent to the possibility of Greek Cypriot flexibility. In this regard, neither Ankara nor Athens is now prepared to use its influence to prod its coethnic Cypriot community towards the compromises necessary to reach a solution.⁸

44. Greek and Greek Cypriot relations have not always been harmonious. On occasion Athens has attempted to make the Greek Cypriots comply with its wishes by threatening to publicize its disagreements with Nicosia and by using the Greek Cypriot opposition to lend force to its views. At the same time, Athens has been reluctant since 1974 to become too publicly or directly involved in Cypriot domestic politics lest it be seen as pulling the strings in Nicosia—a charge it has often leveled against Ankara. Moreover, Greek leaders—including the military—are well aware that their attempts to manipulate the Cypriots can backfire, as in the past, and ultimately harm their prestige and political position at home.

45. At the same time, Cyprus remains a vital issue in mainland Greek politics. We believe that most Greeks and Greek Cypriots have abandoned the notion of *enosis*, but they do insist on the island's essential Hellenism. Papandreou has made Cyprus a top priority and has played a more visible role on the issue than his immediate predecessors. He generally has taken a hard public line toward negotiations—pledging, for example, increased support for the Greek Cypriots and demanding removal of Turkish forces from the island; in private, he seems well aware that less risky options consist mainly of diplomatic initiatives against Ankara and the Turkish Cypriots, in the UN or elsewhere. On the other hand, the continued consolidation of the north or moves by Denktash to open Varosha to Turkish Cypriot settlement or remove the UN Peacekeeping Force (UNFICYP) would bring Papandreou under severe pressure—both domestically and from some Greek Cypriot constituencies—to increase his support of the Greek Cypriots. Under such conditions, and despite the risk of a wider conflict it entails, we believe that Papandreou would follow through on his promise to respond with concrete actions to the Cyprus situation.

The Soviet Perspective

46. The USSR sees its strategic interests in the region—exacerbation of relations between two NATO allies and Washington, disruption of NATO command

⁸ The holder of this view is the Director, Bureau of Intelligence and Research, Department of State.

and control arrangements in the Aegean, and the encouragement of Cyprus toward nonalignment and the denial of its facilities to foreign forces. Hence Moscow has supported the Turkish Cypriot idea of a biregional federal state and assured the Greek Cypriots of Moscow's support for the independence and territorial integrity of Cyprus. It was quick both to condemn the Turkish Cypriot declaration of independence and to warn Athens against punitive moves in the Aegean, such as moving to a 12-mile territorial sea. Traditionally, Moscow has advocated an international conference to settle the dispute, which would allow it to play a more direct role. But, like Western governments, it has supported UN-sponsored intercommunal talks rather than mediation efforts in more restricted forums, such as among the Guarantor powers, which Ankara prefers but from which Moscow's influence would be excluded.

47. Moscow's major concern is that Cyprus could become a staging area for US and NATO operations in the Middle East. Through AKEL, Moscow actively agitated for the denial to the United States and other Western countries of the use of Larnaca during the recent Lebanese crisis. It has also long called for the eventual demilitarization of the island, including the dismantling of the British Sovereign Base Areas,

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At the same time, although Moscow sees some short-term tactical advantages in unresolved problems on the island that result in heightened tensions between Washington and Athens and Ankara, it also fears that, over the longer term, independence for northern Cyprus—or its eventual annexation by Turkey—could give NATO a foothold on the island. Hence, in our view, Moscow considers a unified but nonaligned Cyprus the best outcome and has been prompting AKEL to pressure Kyprianou to return to intercommunal negotiations.

48. We do not believe that the Soviets see military conflict in the eastern Mediterranean as serving their interests. War in the Aegean could lead to the temporary closure of the Dardanelles, thus cutting off Soviet access to the Mediterranean. Moreover, open hostilities leading to a Greek declaration of a 12-mile territorial sea would adversely affect Soviet shipping and off-shore supply and repair facilities in the eastern Mediterranean. On the other hand, the USSR will continue to take advantage of strains in US relations with Greece and Turkey to encourage both countries to adopt more neutralist foreign policies.

Implications for the United States

49. Both communities on Cyprus and their allies in Athens and in Ankara can claim a favorable outcome

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to the May Security Council debate—the Greeks a victory in reaffirming the UN's opposition to Turkish Cypriot "statehood"; and the Turks, in averting a more stinging condemnation of their actions and in winning a US abstention on the resolution. However, the Council action may have rendered even more difficult the good-offices role of the Secretary General in seeking a resumption of intercommunal talks on the island. Without the active intervention of such an outside mediator with strong backing from Western powers, we see virtually no chance for a return to the bargaining table.

50. In the absence of a diplomatic breakthrough, we believe that Cyprus is on its way to prolonged if not permanent division and that the chances of military conflict are greater than at any time since 1974. If the situation continues to deteriorate, both sides will almost certainly further bolster their own military forces there. And, while they both would want to avoid a debilitating conflict, we do not rule out a preemptive attack by one or the other as mutual distrust deepens. At the very least, circumstances would increase the chances of military conflict through accident or miscalculation, particularly if the UN role is restricted and Turkish troops directly face a reinforced Greek contingent. Should Cyprus be the scene of an initial Greek-Turkish military clash, we believe that the chances for a wider war between the two sides would increase.

51. The consequences for the United States and NATO of a new conflict between Greece and Turkey could be more severe than in 1974. At that time Greece withdrew from NATO's military wing to protest the Alliance's failure to prevent the Turkish invasion of the island, and Ankara assumed control of the US military facilities in Turkey

in response to a US arms embargo. Both Greece and Turkey demanded renegotiation of their respective base agreements with Washington. Conflict today would render NATO's southeastern flank ineffective and would postpone indefinitely any prospect of resolving Greek-Turkish differences over the allocation of NATO command

and control responsibilities in the area and the establishment of a NATO command at Larisa

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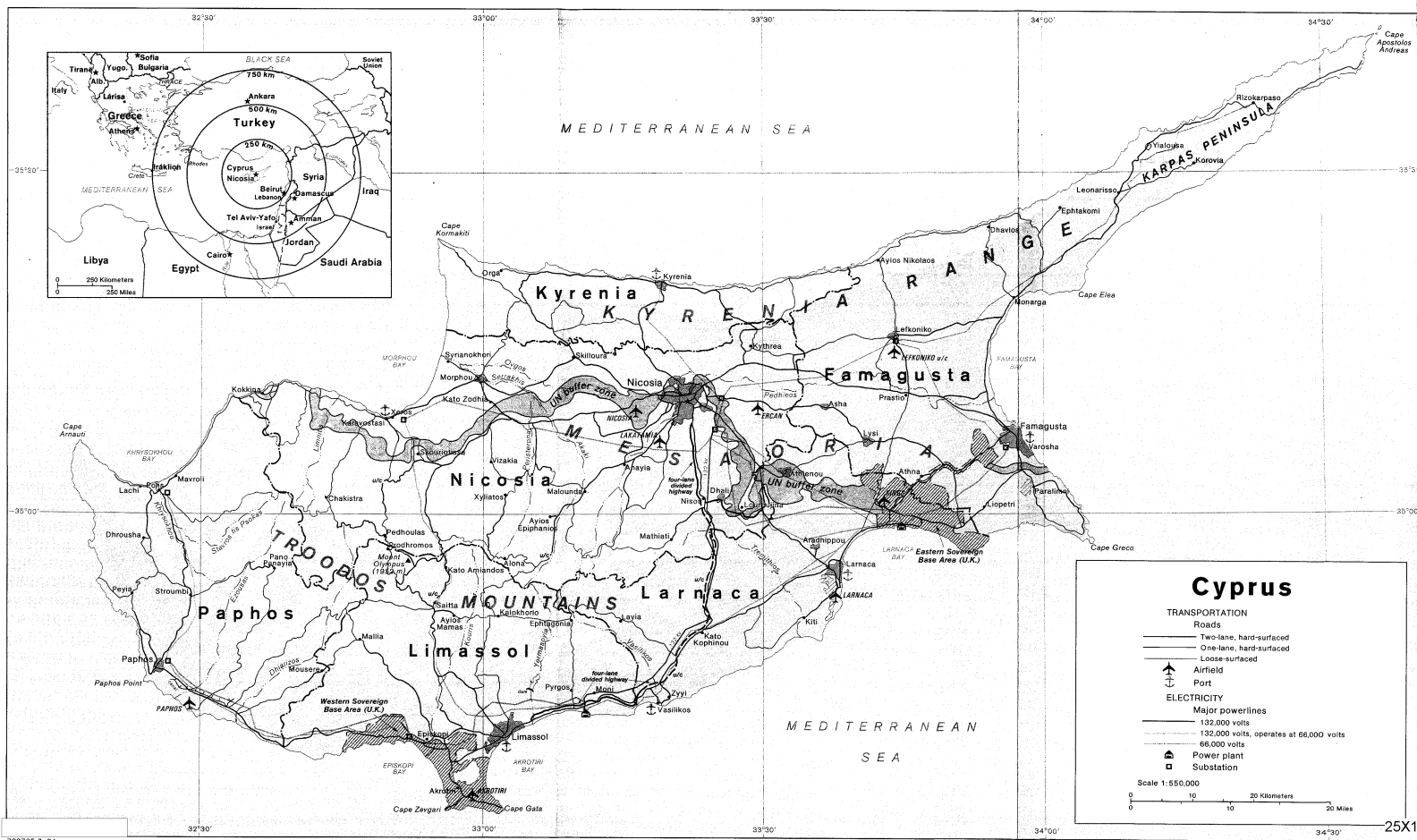
52. Even short of war, Greek-Turkish differences over Cyprus will continue to complicate Washington's relations with both Athens and Ankara and damage NATO interests in the region. The Greeks and Greek Cypriots are increasingly critical of the United States for not putting more pressure on Turkey, while the Turks and Turkish Cypriots assert that US Congressional criticism signals support for the Greek side. And both Greeks and Turks are increasingly coming to view US actions with respect to Cyprus as reflections of more general US attitudes toward Athens and Ankara. We do not believe that either the Greeks or the Turks have yet considered a fundamental reevaluation of ties to the United States and NATO; but Athens and Ankara have stated that US actions on Cyprus could have negative repercussions. While we recognize the element of bluff, we do not discount the possibility that a further escalation of tensions—particularly if it extended to military conflict—could lead both to reassess their ties to the United States and NATO.

53. In sum, we believe that indefinite partition of the island would increase the potential for conflict not only on Cyprus but also in a wider arena, even though most factors point to an extended period of stalemate. However, we believe that if the two sides are left to their own devices they will continue to take provocative actions that are likely to keep the Cyprus situation highly unstable, with the prospect of a military clash a very real one.

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